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SUBJECT: NICARAGUA - VENEZUELA LETTER OF INTENT ON THE
ESTABLISHMENT OF ALUMINUM PRODUCTS FACTORIES IN NICARAGUA

¶1. (SBU) Summary. As part of a series of Bolivarian Alternative agreements signed on January 11, 2007, the Nicaraguan Minister of Foreign Relations Samuel Santos and Venezuelan Minister of Foreign Relations Nicolas Maduro Moros signed a Letter of Intent to commission a feasibility study on placing two aluminum transformation factories in Nicaragua. One factory would manufacture semi-rigid containers and trays and the other would manufacture kitchen utensils and kettles. End Summary.

¶2. (SBU) This Letter of Intent between the Government of Nicaragua and the Government of Venezuela was one of a series of thirteen commitments with Venezuela negotiated by the Ortega government before it came to power on January 10, 2007. The Nicaraguan Minister of Foreign Relations Samuel Santos and Venezuelan Minister of Foreign Relations Nicolas Maduro Moros signed the letter on January 11, 2007. The substance of this letter along with the other commitments was kept from the public for weeks, although the Embassy managed to obtain an unsigned copy. This cable reports on the substance of this particular Letter of Intent.

Preambular Language

¶3. (SBU) Preambular language takes into account the friendship and understanding between the two governments, and the promises and challenges in strengthening social and economic integration. Also mentioned is the desire of both governments to promote and provide stimulus for public and private foreign investment, with the object of forming strategic alliances or associations on projects of common interest -- as long as technology transfer, education of personnel, technical assistance, and maximum domestic content is guaranteed.

¶4. (SBU) The letter also recognizes and defines a number of principles that guide the two governments, including:

-- solidarity, understood as commitment to mutually support and unite forces to achieve sustainable development and attend to emerging needs, possibilities, and agreed shared responsibilities;

-- cooperation, seen as the will of the parties to advance relations within the development of joint projects and strategic alliances of mutual benefit;

-- complementarity, understood as the promise to identify and develop common projects that allow for integration and/or synergies according to the abilities and interests of the parties;

-- reciprocity, viewed as the obligation to establish

relations based on fair exchange and sharing, taking into account differences between parties and principles of equity and good faith.

-- sustainability, understood as the promise to identify and develop projects and programs of cooperation, oriented toward achieving sustainable development, from the economic, social, and environmental points view.

Objective

15. (SBU) The objective of this Letter of Intent is the realization of a technical, economic, and financial study to determine the feasibility of installing two aluminum transformation factories in Nicaragua. One factory would manufacture semi-rigid containers and trays and the other would manufacture kitchen utensils and kettles.

Implementation

16. (SBU) The Governments of Nicaragua and Venezuela will jointly form a Technical Commission within 30 days of the signing of this Letter of Intent. The Commission will begin work immediately on an action plan by first creating a work plan. The parties agree that all costs generated by the execution of this Letter of Intent will be assumed by Government of Venezuela. This letter does not obligate the parties to any more than what is strictly stated. That is, the Letter of Intent does not generate preferential rights, exclusive or excluding, nor does it promise the execution of joint projects, nor the constitution of alliances with other countries or enterprises. As a consequence, the Letter of Intent will not affect prior commitments by the parties, in agreements with third parties.

Responsible Authorities

17. (SBU) The Government Nicaragua designates the National Corporation for the Public Sector (CORNAP) and the Government of Venezuela designates the Ministry of Basic Industry and Mines and its associated enterprise, CVG ALUNASA, located in Costa Rica, as the executing authorities for this Letter of Intent.

Duration, Disputes, Modifications

18. (SBU) This Letter of Intent will be in effect for 90 days from the date of signature, and may be extended by mutual agreement. Either party may terminate this letter by written diplomatic note thirty days before the expiry of the letter. Disputes about the interpretation or implementation of this letter will be resolved through the amicable and direct consultations between the parties. This letter may be modified through common agreement by the parties.

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